

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0986-01
Bill No.: HB 634
Subject: Education, Elementary and Secondary
Type: Original
Date: January 30, 2017

Bill Summary: This proposal allows charter schools to operate in any district in the state.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| General Revenue | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| Total Estimated Net Effect on General Revenue | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| Local Government* | \$0 | \$0 | \$0 |

Offsetting transfers between charter schools and public schools.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume the number of potential new charter Local Education Authorities (LEAs) that may open is unknown; therefore, the cost is unknown. Based on current staffing levels, for every seven new charter LEAs, one FTE at the Supervisor or equivalent level would be required to maintain the current level of support including processing new applications and renewals, reviewing applications for new sponsor authorizers, completing sponsor evaluations, and providing support and assistance to sponsors and LEAs.

Oversight notes that current statutes restrict where charter schools can operate. Those areas include in the St. Louis City School District, Kansas City Public School District, and areas with unaccredited school districts. This proposal would allow charter schools to operate in any area of the state.

Oversight will show the impact to General Revenue of \$0 (no new charter schools formed) or Unknown for DESE depending on the number of charter schools formed and number of FTE needed.

Charter schools must be sponsored by the school district in which they chose to locate. Should a school district chose to allow a charter school and students choose to attend that charter school, the state payment for those students (\$6,241) would transfer from the public school to the charter schools. **Oversight** will show this transfer as \$0 (no charter schools formed) or Unknown.

Officials at the **West Plains School District** assume a potential loss of revenue from the state would occur by allowing a charter school to start in the district. Using an estimate of 5-10% of enrollment, \$750,000 to \$1,500,000 loss of revenue would occur.

Officials at the **Kansas City Public Schools (KCPS)** assume charter schools currently exist within KCPS boundaries. Charter ADA captures approximately 40% of the education specific local funds collected from real property tax collections. State funds also go toward charter ADA. KCPS cannot estimate the impact, if any, from the proposed legislation.

Officials at the **Kearney School District** assume a loss of revenue will result as more students attend charter schools and thus take money from the state coffers. It is difficult to predict the loss to the district but is expected to be \$15,000 to \$50,000.

ASSUMPTION (continued)

Officials at the **Wright City R-II School District** assume there will be a negative impact but it is unknown.

Officials at the **Kirksville R-III School District** assume a negative fiscal impact on the district.

Officials at the **Forsyth R-III School District** assume a negative impact.

Officials at the **Carondelet Leadership Academy** assume there is no fiscal impact from this proposal.

Officials at the **Department of Higher Education** assume there is no fiscal impact from this proposal.

Officials at the **Metropolitan Community College, Missouri State University, Missouri Western State University, Northwest Missouri State University, State Technical College of Missouri, University of Central Missouri** and the **University of Missouri** each assume there is no fiscal impact from this proposal to their respective institution.

Officials at the following school districts: Arcadia Valley R-2, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Everton R-III, Fair Play, Fayette R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Lee Summit, Leeton R-10, Lewis County C-1, Lincoln R-II, Lindbergh, Lonedell R-14, Macon County R-1, Malta Bend, Mehville, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osborn R-0, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Richards R-V, Richland R-1, Richmond R-XVI, Riverview Gardens, Salisbury R-4, Sarcoux R-2, Scotland County R-I, Sedalia, Seymour R-2, Shell Knob #78, Sikeston, Silex, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Waynesville, Webster Groves, Wentzville and the Westview C-6 school districts did not respond to **Oversight's** request for fiscal impact.

ASSUMPTION (continued)

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College and the Truman State University did not respond to **Oversight's** request for fiscal impact.

| <u>FISCAL IMPACT - State Government</u> | FY 2018 (10 Mo.) | FY 2019 | FY 2020 |
|--|------------------------------------|------------------------------------|------------------------------------|
| GENERAL REVENUE | | | |
| <u>Cost - DESE additional FTE resources</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2018 (10 Mo.) | FY 2019 | FY 2020 |
|---|----------------------------|----------------------------|----------------------------|
| LOCAL SCHOOL DISTRICTS | | | |
| <u>Increase - funding for charter schools</u> | \$0 or Unknown | \$0 or Unknown | \$0 or Unknown |
| <u>Decrease - funding for public schools</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill allows charter schools to be operated in any school district of the state.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Carondelet Leadership Academy
Department of Higher Education
Forsyth R-III School District
Kansas City Public Schools
Kearney School District
Kirksville R-III School District
Metropolitan Community College
Missouri State University
Missouri Western State University
Northwest Missouri State University
State Technical College of Missouri
University of Central Missouri
University of Missouri
West Plains School District
Wright City R-II School District



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January 30, 2017

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